UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL
TD/B/CN.4/25
1 September 1993
Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Standing Committee on Developing Services Sectors:
Fostering Competitive Service Sectors
in Developing Countries

Second Session
Geneva, 11 October 1993
Item 3 of the provisional agenda

# PROGRESS REPORT BY THE SECRETARIAT ON THE IMPLEMENTATION OF THE WORK PROGRAMME OF THE STANDING COMMITTEE

Prepared by the UNCTAD secretariat

GE.93-55184

**CONTENTS**


| *Chapter* | | *Paragraphs* |
|---|---|---|
| INTRODUCTION | | 1-3 |
| I. | CONCEPTUAL FRAMEWORK FOR STATISTICS ON TRADE IN SERVICES | 4-8 |
| II. | DATABASE ON MEASURES AFFECTING SERVICE TRADE | 9-16 |
| III. | COMPARATIVE ANALYSIS OF SERVICE SECTORS | 17-27 |
| IV. | IMPACT OF SUBSIDIES ON TRADE IN SERVICES | 28-33 |
| V. | TEMPORARY MOVEMENT OF PERSONS AS SERVICE SUPPLIERS | 34-44 |
| VI. | HARMONIZATION AND RECOGNITION OF QUALIFICATIONS | 45-52 |
| VII. | REGIONAL, SUB-REGIONAL AND INTERREGIONAL COOPERATION IN SERVICES | 53-60 |
| VIII. | TECHNICAL COOPERATION | 61-66 |
| IX. | GROUP OF EXPERTS | 67-76 |

**INTRODUCTION**

1. On the basis of the Board decision 398 (XXXVIII) annex B, which sets out the terms of reference of the Standing Committee on Developing Service Sectors: Fostering Competitive Service Sectors in Developing Countries, the Standing Committee agreed at its first session (26-30 October 1992) upon its work programme for the period up to the next session of the Conference.

2. The second (pre-sessional) executive session of the Trade and Development Board approved the provisional agenda for the second session of the Standing Committee (TD/B/CN.4/21), which was intended to initiate work on selected items from the work programme, namely: (i) development of a conceptual framework for the collection and compilation of internationally comparable statistics; (ii) the collection and dissemination of information on measures, including laws and regulations, affecting the access of services and service suppliers to world markets, including consideration of the possibility of a computerized database; (iii) a comparative analysis of services sectors in developing countries; (iv) the impact of subsidies on trade in services, especially on the exports of developing countries; (v) temporary movement of persons as service suppliers; (vi) analysis of on-going processes of recognition and harmonization of qualifications; and (vii) regional, subregional and interregional cooperation on services.

3. This document, envisaged under item 3 of the provisional agenda, reports the progress achieved in the preliminary phase of work on each of these items. It has been prepared with a view to facilitating the work of the Standing Committee as well as to seeking its guidance with respect to continued work on these items and how best to address other items in the work programme.[1]

## I. CONCEPTUAL FRAMEWORK FOR STATISTICS ON TRADE IN SERVICES

4. Under item 2 (a) of the work programme, the Standing Committee will ***develop a conceptual framework for the collection and compilation of internationally comparable statistics on all modes of delivery, in particular with regard to commercial presence and movement of natural persons, as well as contributing to the improvement of the CPC in order to adapt it to the specific needs of international trade in services.***[2]

5. In order to initiate the Standing Committee's work under this item, the secretariat has prepared a background paper (UNCTAD/SDD/SER/1) intended to

---

[1] Items in the work programme not covered by the provisional agenda for the second session include: (i) **item 3 (b)**: facilitate and exchange experiences with respect to the liberalization of services sectors and the application of laws and regulations aimed at this end, with a view to stimulating the development of these sectors; (ii) **item 3 (c)**: analyse ways and means of fostering the market-oriented development of the service sector including, where appropriate, through deregulation and privatization; (iii) **item 3 (e)**: examine ways of enhancing access to and use of information networks and distribution channels; (iv) **item 3 (f)**: examine the role of joint ventures in stimulating the development of service sectors in developing countries and promoting trade in services and their access to technology; (v) **item 3 (g)**: assess the impact of progressive liberalization and of service imports in the development of competitive services sectors, and examine difficulties faced by developing countries which prevent them from increasing their participation in world trade in services; and (vi) **item 3 (k)** in carrying out its work, the Standing Committee would give special attention to the situation of least developed countries, and suggest ways and means for improving their capacity.

[2] Central Product Classification (CPC).

provide information on progress achieved at international and national levels on services trade statistics. The paper discusses in some detail the efforts of other agencies involved with service statistics, in general, and trade-in-services statistics, in particular. Work has been undertaken by various international organizations to address the inadequacies of internationally comparable statistics on trade in services, i.e. under-estimation and over-estimation of certain flows, insufficient disaggregation, inconsistencies with national accounts statistics, lack of internationally-agreed concepts and definitions as compared to the ones existing on merchandise trade and the impossibility of identifying trade partners and the direction of trade. Although more detailed statistics exist for certain sectors and for a few countries, the only internationally comparable source available consists of the IMF balance-of-payments statistics which are being improved, both in terms of concept and degree of detail, through the new Balance of Payments Manual and Compilation Guide. The following aspects should be highlighted with respect to recent efforts to improve services trade statistics:

(a) Completion of draft CPC with its explanatory note by Voorburg Group and UNSTAT.
(b) Completion by IMF of Balance of Payments Manual and Compilation Guide.
(c) Methodological work and data collection by EUROSTAT.

6. The paper reports the on-going discussion with the United Nations Statistical Office (UNSO), General Agreement on Tariffs and Trade (GATT), International Monetary Fund (IMF), International Civil Aviation Organization (ICAO), World Tourism Organization (WTO) and others on the initiation of a manual for the collection of data on trade in services.

7. The Uruguay Round multilateral negotiations for a General Agreement on Trade in Services (GATS) have highlighted new conceptual, harmonization and collection difficulties concerning trade-in-services statistics. UNCTAD/SDD/SER/1 discusses the needs of negotiators and policy-makers (i.e. for indications by mode of delivery and sectors) arising from GATS. A multilaterally agreed definition for services trade has been proposed under GATS. It includes four modes of delivery: "cross-border", "movement of consumer", "commercial presence", and "movement of natural persons" (see Art. I of the proposed GATS). Conceptual problems have arisen in particular with regard to the effects of trade through commercial presence, where economic relations are viewed from the perspective of "ownership and control" (transactions between nationals, entities or persons, from different countries) rather than from the traditional one based upon the "country of residency" of trading partners (see Art. XXXIV of the proposed GATS).

8. As a step in fulfilling its mandate, the Committee may wish to obtain more specific information from member Governments with respect to efforts being made by national offices and academic institutions aimed at developing methodologies for estimating trade in services according to the four modes of delivery mentioned as well as in addressing other related conceptual problems.

## II. DATABASE ON MEASURES AFFECTING SERVICE TRADE

9. **Item 2 (b) of the work programme calls upon the Standing Committee to *collect and disseminate information on measures, including laws and regulations affecting the access of services and service suppliers to world markets, including a study of the possibility of setting up a computerized database in this regard, with a view to enhancing the service exports of developing countries*.**

10. In order to provide the Standing Committee with the necessary elements upon which to take a decision on the establishment of such a database, the secretariat has prepared a background note (TD/B/CN.4/26). A prototype database is being

designed for demonstration to delegations during the second session. The Standing Committee will be invited to comment on the proposed design of the database. The note discusses the rationale and utility of the database, describes the basic features and inputs required, underlines the major issues and anticipated difficulties pertaining to the collection and management of data, and identifies various options for building the database. The note also takes cognizance of the specificity of the regulatory situation in services where regulation appears as the norm rather than as the exception. The ubiquity and complexity of regulations in the service sector poses special challenges for a database in terms of classification and management of data as well as in terms of coverage.

11. The proposed database is expected to facilitate the promotion of transparency of the regulatory environment in the service sector by identifying measures with potential impact on trade in services and making them widely known. It is envisaged that the database would function as an information tool for: (a) developing-country negotiators in formulating requests and assessing offers; (b) service exporters from the private sector in identifying conditions and procedures of entry in potential markets; (c) policy-makers in examining the regulatory experience of other countries and in comparing regulatory options, and (d) researchers analysing regulatory structures in specific service sectors and countries. In setting up such a database, UNCTAD would be able to draw on its long-standing involvement with issues concerning trade in services and its expertise in developing databases on trade measures affecting trade in goods.

12. The proposed inputs into the database would include the following: (a) the country which applies the measure; (b) the service sector affected by the measure; (c) the kind of measure imposed; (d) a detailed description of the measure; (e) the regulatory instrument which contains the measure; (f) the source of information on the measure; (g) the mode of delivery affected by the measure; and (h) the conformity of the measure with multilateral trade principles such as market access, national treatment, MFN treatment, and others. There would also be a provision for entering the remarks of the user, which would customize the database to some extent.

13. The proposed design of the database will allow the user to access information according to four parameters, namely the country, the service sector or subsector, the kind of measure used, and the mode of delivery affected. A particular service could be accessed according to the CPC as well as the list of services prepared for multilateral negotiations on trade in services in the Uruguay Round. The user would be able to access information on the regulatory profile of a country with respect to selected service sectors and compare it with similar profiles for other countries. Alternatively, data could be extracted on which countries use a certain kind of measure in selected sectors, or on measures affecting a certain mode of delivery in a sector and/or country. A glossary would offer information on terms warranting explanation.

14. It is anticipated that a number of practical difficulties may arise in the compilation and updating of data. The enormous scope of the database may render comprehensive coverage of information very difficult. The large variety of regulatory instruments in most sectors, the coverage of measures contained in provincial legislation and self-regulation by private bodies, and language difficulties pose further complications. The supply of data from countries and the updating of information could present difficulties. A classification system for measures affecting service trade would need to be devised in order to make information more efficiently accessible. Procedures for assessing how a measure affects different modes of delivery and the conformity of the measure to multilateral trade principles would also need to be clarified.

15. The note identifies some major options for dealing with these problems. As most of the anticipated difficulties pertain to the scope of the database, the options essentially involve a reduction in scope by:

(a) Limiting the coverage of the database at the initial stage to a selected number of countries: possible options in selecting

countries could be: (i) those that volunteer to supply information to the database, (ii) those which constitute major potential markets for service exports from developing countries, and (iii) those for which regulatory information is more readily available;

(b) Limiting the coverage to selected sectors at the initial stage: sectors of export interest to developing countries could be featured on a priority basis. The Committee may wish to consider selecting those sectors for which regulatory information is more easily identifiable, but where centralized and structured ways of accessing such information are absent;

(c) Confining information on self-regulation by private bodies to the more important professions, licensing or accrediting authorities giving requirements for permission to practice; and

(d) Relying on secondary and synthesis sources for regulatory information in addition to the direct use of regulatory instruments.

16. In conclusion, the note proposes a series of recommendations for consideration by the Standing Committee regarding future work on the database. First, it suggests clear intergovernmental arrangements for the compilation and supply of data, in view of the extent of regulation in services and the wide scope of the proposed database: the UNCTAD secretariat could not carry out the necessary data collection and processing without the active collaboration of all member Governments, including arrangements to supply information on national regulatory structures and instruments related to trade in services. Secondly, specific modalities need to be identified for such collaboration. Coordination could be handled through focal points in capitals, and mechanisms for effective interaction between them and UNCTAD could be devised. Thirdly, a timetable could be agreed upon by the Standing Committee for inclusion in the database of specific countries and sectors. This could provide for adequate preparatory work and offer guidance, especially in the case of countries which may have difficulty in collecting and supplying information. Fourthly, possibilities of collaboration between UNCTAD and other international forums and agencies active in this area could be explored.

## III. COMPARATIVE ANALYSIS OF SERVICE SECTORS

17. **Item 3 (a) of the work programme instructs the Standing Committee to *conduct a comparative analysis of service sectors in developing countries; such analysis will: (i) examine the role played by services in contributing to growth and sustainable development, including an examination of the contribution of the producer services sector in facilitating the competitiveness of goods-producing sectors, and to the economy as a whole; (ii) assess weaknesses and capabilities; and (iii) identify policies to assist developing countries in developing and strengthening their competitive services sectors, including infrastructure relating to services.***

18. The secretariat has prepared a background note (TD/B/CN.4/23) intended to help initiate the work of the Committee on this topic. In the Cartagena Commitment, Governments recognized that developing countries should pursue policies to create appropriate conditions for the development of their national services sectors. Furthermore, the international community was encouraged to support such efforts to strengthen the production and export capacity of services sectors. The note provides a point of departure for work by the Committee in identifying elements for possible policy options aimed at achieving the objectives set out in the Cartagena Commitment.

19. The note draws on previous work carried out in UNCTAD in a series of national, regional and sectoral studies on services. These were specific responses to various needs of individual countries and regions limited by the objectives of individual projects and the extent of financial resources. The studies therefore do not constitute a systematic investigation of service sectors in developing countries. This is reflected in the note and the recommendations

made are of necessity tentative. They are mainly aimed at assisting the Standing Committee in determining the orientation of future work with respect to analysis and policy options.

20. The provision of physical and social infrastructural services has long been recognized as important for the competitiveness of national economies, the attainment of strategic goals such as national security, the enhancement of productive sectors, the development of human capital, the upgrading of employment opportunities and responding to needs of the population. In their endeavour to secure the widest possible geographic and social coverage while retaining control over strategic services and, at the same time, securing the required financial resources needed to establish such operations. Governments became major suppliers of basic services in most countries, both developed and developing.

21. More recently, the so-called "service revolution" has brought increased awareness of the impact of services on (a) productivity gains and increased international competitiveness achievable through adequate uses of key producer services, and (b) the domestic capacity to generate and retain, under the control of nationals, a growing portion of the value added to the economy by service activities. Increasing tradeability of services, mainly fuelled by advances in information technologies, has implications for both the import and the export of services from developing countries. Developing countries have relied on "imported" services while exploring the opening of new opportunities to expand their services exports. This has intensified the dilemma arising from the need to provide the widest possible coverage of basic services while maintaining national sovereignty and creating conditions for the efficient and competitive operation of such activities.

22. The traditional weaknesses of domestic services sectors in developing countries, coupled with inadequate infrastructure – especially in the area of telecommunications – has inhibited their capacity to expand services exports. Many labour-intensive services could be traded more successfully if adequate infrastructural facilities were available. This would be the case of some professional services such as computer software design, accounting, engineering and architectural services, digitalization of data and others. Deficiencies in infrastructure have been exacerbated by the absence of specific policies oriented towards gaining better access to, and greater participation in, world trade in services. This applies especially to areas where traditional sources of competitive advantage would give many developing countries a substantial competitive edge in labour-intensive services which could profit from the abundance of human resources at low wages and the availability of skilled professionals in many fields. Competitive advantages deriving from geographical location are not always fully exploited as the substantial potential for regional and subregional cooperation in the area of services has not been adequately developed.

23. In addition, many external obstacles impede the full realization of developing-country export potential in services. Difficulties in acquiring modern technologies and in gaining access to information networks and distribution channels make it hard for potential service exporters to penetrate foreign markets and to increase their participation in international trade in services. In many areas, these setbacks are exacerbated by problems related to market concentration and anti-competitive practices. Barriers that directly affect modes of delivery are particularly serious for developing countries, especially those which affect exports of services through the temporary movement of people. Obstacles to the mobility of persons are proliferating, in sharp contrast to the greater mobility of capital and information around the world. The general tightening of immigration laws threatens to restrict trade in services conducted through the movement of natural persons. Many service producers from developed countries benefit from home country support in certain areas, e.g. government subsidies, preferential tax treatment, easier access to capital, or intra-firm arrangements aimed at securing markets at various geographical locations around the world.

24. Trade policies directed at expanding exports of services from developing countries may need to take into account *inter alia* the factors outlined above. A few developing countries have implemented highly successful strategies to this end by taking advantage of their geographical location, availability of skilled personnel, language proficiencies and high-quality physical infrastructure. Certain strategies have been aimed at drawing on opportunities offered by regional and sub-regional cooperation agreements, and overcoming competition and market-access disparities in internationally traded services.

25. The development of policies regarding services as well as the pursuit of effective cooperation and negotiation at the sub-regional, regional and multilateral levels may require further analysis of a number of issues. At the international level, the Uruguay Round negotiations for a General Agreement on Trade in Services call for an assessment of the trade opportunities presented therein. It may also be essential to identify measures affecting trade in services through, for example, setting up a database to promote transparency. Some issues have already been identified in the work programme of the Standing Committee. The impact of market-oriented policies and of liberalization in fostering services sectors merits analysis. This could be assisted by an exchange of experiences. A detailed examination could be undertaken of the impact of subsidies on trade in services and of the difficulties faced by developing countries in their attempts to increase their participation in world trade in services, including ways of enhancing access to and use of information networks and distribution channels as well as the facilitation of service exports through temporary movement of personnel. An analysis of the role of joint ventures, especially with regard to transfer of technology and the modernization of services in developing countries, might also prove useful in this context. In carrying out these tasks, particular attention could be given to the problems of the least developed countries.

26. The comparative analysis of services sectors in developing countries would be aimed at identifying policies to assist developing countries in fostering and strengthening their competitive services sectors (item 3 (a) of the work programme). In conducting this analysis, the Committee could draw on previous work carried out by UNCTAD (see synthesis in TD/B/CN.4/23) and specific studies being carried out under item 3 of the work programme. With a view to organizing its work systematically, the Committee might wish to consider linking the work to be carried out under the present item with that under other items, then identify priority issues.

27. The Committee may also wish to examine the strategies and policies used by various countries to strengthen the competitiveness of services sectors. This may be done on the basis of submissions by member States including both developed and developing countries, as well as further studies by the secretariat. Following the analytical aspects (item 3 of the work programme), the Committee may wish to examine the strengths and weaknesses of developing countries in specific services sectors, based upon studies by the secretariat and information provided by member States, private sector entities and non-governmental organizations. In so doing, priority could be given to sectors with a major role in the development process, and those in which developing countries possess a comparative advantage and export potential. In linking future work under the present item to the current work programme, the Committee may wish to give particular attention to assessing the impact of progressive liberalization of trade regimes and of service imports in the development of competitive services sectors. Of particular importance in this regard would be examining the difficulties faced by developing countries which prevent them from increasing their participation in world trade in services (item 3 (g)).

## IV. IMPACT OF SUBSIDIES ON TRADE IN SERVICES

28. **Under item 3 (d) of its work programme, the Standing Committee will *study the impact of subsidies on trade in services, especially on the exports of***

***developing countries.*** With the exception of certain sectors where subsidy measures have been well-documented, few studies have been done to identify subsidies bearing on trade in services or to assess their trade impact. In the Uruguay Round, negotiators postponed the negotiations related to specific disciplines concerning subsidies on services; Article XV of the draft GATS would oblige members to enter into future negotiations with a view to developing the necessary multilateral disciplines to avoid the trade-distortive effects of subsidies.

29. The pilot study (UNCTAD/SDD/SER/3), prepared by the secretariat to initiate discussion on this item, noted that the international community had traditionally had difficulty in drawing up disciplines on subsides on either goods or services owing to the lack of an international consensus on the appropriate role of government in pursuit of economic and social objectives. The Agreement on Subsidies and Countervailing Measures, contained in the draft Final Act of the Uruguay Round which applies to trade in goods, represents international consensus in this area. To a large extent the concepts therein could apply to trade in services. However, it must be borne in mind that the definition of trade in services contained in the draft General Agreement on Trade in Services defines such trade as including commercial presence and the movement of natural persons; for example, benefits provided by Governments to the foreign operations of domestic firms or to the travel of persons supplying services would also be considered as subsidies to trade in services.

30. Initial research has revealed a variety of subsidies prevalent in a number of different services sectors. The study identified in particular (a) subsidies to infrastructural services, e.g. transport and telecommunications, (b) subsidies to "export market development", e.g. governmental financial assistance for feasibility studies, preparation of bids, project proposals, etc., especially in sectors such as construction and engineering design, (c) subsidies in media services - e.g. film productions, advertising and publishing - in the form of direct grants, subsidized postal rates, etc., (d) subsidies to the financial service sector, e.g. through the tax system, primarily the treatment of losses carried forward or back from one tax period to another, and (e) subsidies to goods which may constitute subsidies to traded services, e.g. subsidization of the production and maintenance of ships and aircraft, soft loans and other assistance to hotel construction, etc.

31. The study treats the problems of calculating the impact of subsidies on trade in services and describes some of the practices of certain countries which have already drawn up legislation or taken specific action to deal with subsidized or dumped exports of services. The study also addresses perceived abuses in the current subsidies/countervailing duties and anti-dumping regimes (as they apply to goods) which should be avoided in dealing with subsidies to services. The study also proposes further work to identify subsidies and their impact on the sectors mentioned above. This could be done through submissions by members of the Committee or case studies.

32. The study addresses the methodologies to be employed in identifying the trade-distorting impact of dumping and subsidies. Traditional methodologies may not link subsidies to production or export (e.g. tax exemptions or tax credits which may be allocated to production or exports of other services). In sectors where services are electronically transmitted, determining the impact may be a complex undertaking. Many services tend to be tailored to the needs of a particular end-user (custom design), rendering "unit price" somewhat difficult to calculate. Measuring subsidies related to services, particularly information/knowledge-based services transmitted electronically, poses problems which will require extensive additional study and analysis.

33. The pilot study stresses the need for a more systematic identification of subsidies to services production and trade as a prerequisite for the implementation of item 3 (d) of the work programme of the Standing Committee. Additional work may need to be undertaken by the secretariat to assist the Committee, including a review of available material on subsidies in services,

and case studies with a sectoral orientation, focusing on sectors of export interest to developing countries and sectors where subsidies are perceived to have a major impact. Future work could also include an examination of issues specific to trade in services such as those arising from modes of delivery. The Standing Committee could provide guidance on further work under this item, and seek the cooperation of other international organizations and key countries which have largely transparent administrative systems.

## V. TEMPORARY MOVEMENT OF PERSONS AS SERVICE SUPPLIERS

34. **Under item 3 (h) of its work programme, the Standing Committee will *identify and analyse the possibilities for developing country services exports through temporary movement of persons as service suppliers, be it as sole service providers or as personnel; and analyse the measures affecting their ability to export such services in the face of barriers to the temporary movement of persons across national frontiers to supply services.***

35. The secretariat has prepared a note (TD/B/CN.4/24) intended to assist the initiation of work by the Committee on this subject. As a first step, the note describes the "problematique" of trade in services carried out through the temporary movement of natural persons. It examines such aspects as (a) the importance of the temporary movement of persons from developing countries, (b) the sectors where such temporary movement is concentrated, (c) the general characteristics of immigration laws pertaining to the temporary movement of service suppliers, including the identification of sectors which tend to benefit from more favourable treatment, and (d) international, regional, sub-regional and bilateral agreements dealing with the movement of persons. The international movement of labour refers to the temporary relocation of services providers but excludes permanent migration. The Uruguay Round negotiations have recognized that movement of persons constitutes a "mode of delivery" for services.

36. Many developing countries have been able to foster exports and compete at the international level in trade in goods. Nevertheless, despite the comparative advantage of most developing countries in the abundant supply of unskilled and certain kinds of skilled labour, they frequently find it difficult to reap the full benefits of international trade in services when such trade involves the physical cross-border movement of persons, as a large number of restrictions prevail over the movement of personnel. This impinges on prospects for growth of developing-country firms in a number of services sectors where trade is highly dependent on the cross-border mobility of persons. A question to be addressed is whether, like the case of goods, developing countries can take full advantage of export markets for services on the basis of lower costs for unskilled, skilled and highly skilled labour.

37. Many developing countries rely heavily on the cross-border movement of persons for services exports earnings. For many, especially the least-developed countries, remittances – the portion of migrant workers' earnings sent back from the country of employment to the country of origin – are sizeable in relation to GNP and total export earnings, and thus constitute an attractive economic development opportunity. These "trade flows", calculated from payments made by nationals residing/working in foreign countries, do not show the full importance of the movement of persons as a mode of supply of services: many services provided by persons on a temporary basis in a foreign country are reflected in payments to a firm for services rendered and, in many cases, the movement-of-persons component may be only part of the final service package.

38. The temporary movement of personnel across national frontiers is not only significant but increasing in volume with the trend towards globalization of markets. Nor is it only in one direction. Growth in temporary movement of personnel has not been limited to that associated with exporting firms, even labour-services exporters, but includes that arising from the desire of manufacturers and investors to staff foreign operations with their own personnel

and to provide for the maintenance of goods exported. Developed countries facing shortages of skilled personnel in such labour-intensive services such as construction, teaching, nursing, software design and computer operation may find that they have an interest in promoting a mutually advantageous division of labour in services sectors. This could open up possibilities for developing countries to increase their share of world trade in services.

39. From the point of view of developing countries, the exodus of trained people to more developed countries is perceived as a "brain drain" or "reverse transfer of technology". However, the organization of temporary movement of persons through service firms to supply specific services abroad could help in the acquisition of skills. Individuals would not need to relocate permanently in foreign countries. Services firms could also enhance their competitiveness on the basis of the human capital embodied in their workers and the organizational and technical know-how accumulated by the firm itself.

40. An examination of laws and regulations in developed countries covering temporary entry of persons reveals a general trend away from settler migration. There is an increasing application of selective policy favouring the entry of highly skilled labour. This labour force has in many cases moved within channels created and managed by large companies. Entry is essentially based on an "economic needs" or "labour market" test and usually involves a certain category of persons such as business visitors, intra-corporate transferees and services vendors who are foreign sales representatives of a service provider. Laws sometimes identify particular categories of professionals for whom temporary entry facilities are more liberal than usual. Such categories include intracorporate transfers of senior managers or technicians or the entry of artists or educators with special skills. Certain specific occupations or sectors may be exempted from labour certification requirements, because of labour shortage or special needs, as for example medical personnel (particularly nurses) and hotel and catering workers. Furthermore, temporary entry of workers is often regulated through bilateral agreements which provide for numerical quotas for the entry of seasonal workers or other categories of temporary labour from certain countries.

41. Provisions governing the movement of persons as service suppliers have been incorporated, to varying degrees, into regional and subregional agreements. TD/B/CN.4/24 describes the approach taken under some of these agreements, including the European Community (EC), the European Economic Area (EEA) and the North American Free Trade Agreement (NAFTA) as well as subregional agreements among developing countries.

42. Barriers to the temporary movement of persons that arise from immigration laws and regulations constitute a major impediment to the realization of the competitive potential of developing countries in labour-intensive services. The draft GATS, emerging from the Uruguay Round, recognizes that the movement of "natural persons" to provide services in another country constitutes "trade" in services and that the conditions of access of such persons is a legitimate object of negotiations on trade concessions. This is a step forward in assisting developing countries to increase their participation in world trade in services. The draft GATS defines "trade in services" as including the "supply of services by natural persons of one party in the territory of another party". Commitments with respect to the movement of persons could thus be negotiated on a horizontal, sectoral or sub-sectoral basis. An "Annex on Movement of Natural Persons Supplying Services under the Agreement" defines the scope of the Agreement (i.e. it does not apply to measures affecting natural persons seeking access to the employment market of a Member nor does it apply to measures regarding citizenship, residence or employment on a permanent basis). It provides guidance for the negotiation of specific commitments. The inclusion of GATS in the Uruguay Round Final Act would establish concessions with respect to the movement of persons as a part of the overall balance of trade rights and obligations rather than exclusively as a matter of immigration laws. However, the conditional offers of developed countries are of a horizontal nature, aimed mainly at facilitating intracorporate transfers: to be of effective benefit to developing

countries, this could be improved with some sectoral specificity.

43. Appropriate national policies aimed at enabling developing countries to benefit from market access opportunities may include the promotion of (a) export-oriented labour service firms, and (b) off-shore labour service exports. For many countries, the greatest export opportunities for labour services may exist in the context of regional markets falling within regional integration arrangements. Regional and preferential arrangements among developing countries cover trade in services, including the movement of labour, to different degrees. Some have relatively liberal provisions in this respect. (See also para. 43 above.)

44. As suggested in TD/B/CN.4/24, in order to carry out effectively its mandate, the Committee may wish to undertake the identification of occupations and sectors where temporary entry facilities are relatively liberal. The members of the Committee could contribute to providing information on provisions in their regulations and laws as regards temporary labour movement. The Committee could identify possibilities for mutual beneficial liberalization of services activities for which developing countries possess a comparative advantage and where developed countries are facing dramatic shortages. (See also para. 40). More information could be requested from the members of the Committee with respect to (a) the inclusion of temporary movement of persons in trade agreements, (b) the problems faced in penetrating foreign markets, and (c) the sectors in which trade is heavily dependent on the temporary movement of persons. The Committee could examine how to assist developing countries in effectively benefiting from commitments in this area through the development of services enterprises and through the organized temporary movement of labour.

## VI HARMONIZATION AND RECOGNITION OF QUALIFICATIONS

45. **Under item 3 (i) of its work programme, the Standing Committee will *analyse the on-going processes of recognition and harmonization of qualifications*.**

46. As preparation for this analysis, the secretariat has prepared a note (UNCTAD/SDD/SER/2) giving background information on harmonization and recognition of qualifications. The note covers laws and regulations in the professional service sector, highlighting those pertaining to qualifications and standards; it outlines the initiatives of government and the private sector aimed at achieving harmonization and recognition of qualifications, and presents preliminary findings and recommendations on areas where further work might be undertaken by the Standing Committee. Also included is a review of relevant actions at the government level, i.e. regional and sub-regional trade and market integration agreements on harmonization and recognition of qualifications.

47. Practitioners in the fields of accountancy, law, medicine, architecture, construction, engineering, and education normally require accreditation by Governments or statutory professional associations through diplomas, certificates and licences. These are highly regulated. Differing qualification systems and standards among countries can pose an obstacle to the liberalization of trade in services. Certain qualifications and standards have been set for consumer protection and civil liability. Some professional services require intimate knowledge of local legal, economic and geographical environments; qualification systems and standards are thus designed to meet these requirements as well as to include universally required knowledge. Often, however, trade is affected by measures and regulations beyond those related to the competence of service practitioners. These include: (i) residency requirements; (ii) visa and work permit requirements; (iii) restrictions concerning establishment and scope of activities; (iv) restrictions on transborder data flows; (v) restrictions on capital transfer; (vi) prohibition against non-nationals obtaining local qualification; (vii) restriction on the international use of firm names; (viii) tax discrimination; (ix) discriminatory licensing of firms; (x) prohibition against foreign-produced broadcast material; and (xi) the favouring of local

agencies in government procurement. With a view to eliminating barriers to trade in professional services, the relevant regulations and measures need to be assessed thoroughly. In the process of harmonization and recognition of qualifications, maintaining minimum standards and local knowledge requirements is a key aspect. Moreover, restrictions affecting trade in professional services in all modes of supply need to be addressed in parallel; while harmonization and recognition of qualifications is an important aspect in liberalizing trade in professional services, other obstacles to trade in professional services must also be dealt with in any initiative to liberalize trade in professional services.

48. Harmonization and recognition of qualifications for accredited professional services have been treated as a significant issue in the multilateral effort to liberalize trade in services. Article VII of the draft GATS encourages recognition of education and experience obtained, requirements met, and licenses or certifications granted in a particular country. It calls on the Parties to improve transparency in domestic rules, regulations and measures affecting services. It sets out the objective of establishing and adopting, in cooperation with relevant intergovernmental and non-governmental organizations, common international standards and criteria both for such recognition and for the practice of service trades and professions. Moreover, Article XVIII of the draft GATS encourages Parties to negotiate commitments with respect to measures affecting trade in services not subject to scheduling under Articles XVI, "Market Access" and Articles XVII, "National Treatment", including those regarding qualifications, standards or licensing matters. In the negotiations on initial commitments, requests have been made with respect to recognition of qualifications in a variety of sectors, including accountancy, architecture, engineering, legal services, etc.

49. Some initiatives in the context of regional trade and market integration agreements have sought to recognize and harmonize qualifications in professional services while eliminating regulations that discriminate against foreign service suppliers in terms of market access and operations. Examples are initiatives under the European Community (EC), the European Economic Area, Australia-New Zealand Closer Economic Integration Agreement, The United States-Canada Free Trade Agreement, and North American Free Trade Agreement (see para 43). Their experiences in negotiating harmonization and recognition of qualifications suggests that consideration must be given not only to qualifications *per se*, but also to standard-setting factors such as education and training requirements, and to the structure of services activities. This adds to the complexity of the process. While some trade agreements have set as a goal harmonization and recognition of qualifications among signatory countries, the actual work to achieve this objective is far from over.

50. Trade in a professional service sometimes implies very little movement of accredited personnel, as a major part of the work may be carried out locally by others, or be sent as transborder data flows, or be delivered by non-accredited technical personnel. For services such as construction and engineering, however, harmonization and recognition of qualifications can have considerable effect on exports, as meeting qualification requirements is an important factor in the ability to bid for a contract in foreign markets. Information on how trade in various professional services takes place is scarce; this hampers efforts to assess the importance of harmonization and recognition of qualifications. The forms of trade in professional services might profitably be studied so as to assess how regulations and measures, including those relating to qualifications and standards, affect trade. Understanding how harmonization and recognition of qualifications affect different professional services would facilitate the identification of priorities for further work along these lines.

51. Except for accountancy, information is somewhat limited on how professional associations view the issue of harmonization and recognition of qualifications. Professional accountancy associations have become actively involved at the international level in addressing such problems. This may partly reflect their long international exposure to trade in services as well as the existence of

global networks of big accountancy firms. For other professional services, activities at the international level with respect to harmonization and recognition of qualifications are less apparent.

52. The note mentions that, in order to identify clear policy options at the national and international levels, further work is required, particularly on two issues: (a) What are the priority services for harmonization and recognition of qualifications? and (b) What are desirable policy courses for developing countries in dealing with the issue of harmonization and recognition of qualifications? The secretariat is compiling information on professional qualifications; the Standing Committee might wish to encourage member Governments to provide the secretariat with information on professional associations in their countries, that is, names, addresses, aims, procedures, and involvement in recognition and harmonization of qualifications. The Standing Committee might wish to invite major international and regional professional associations to make submissions on key issues pertaining to the harmonization and recognition of qualifications, and seek their views as to how UNCTAD could assist in this area. The Standing Committee might also wish to study the benefits which would accrue to developing countries from multilateral procedures for harmonization and recognition of qualifications, so as to recommend policy options. The database on measures affecting trade in services, envisaged under item 2(b) of the Work programme of the Standing Committee, could give priority to the inclusion of services subject to licensing and certification requirements.

## VII. REGIONAL, SUB-REGIONAL AND INTERREGIONAL COOPERATION ON SERVICES

53. **Under item 3(j) of its Work Programme, the Standing Committee will *identify and analyse policies aimed at the promotion of regional, sub-regional and interregional cooperation on services, including among countries at different levels of economic development.***

54. Cooperation on services is gaining in importance as a component of international policies on services trade. At the multilateral level, the draft GATS would allow Parties to enter into limited agreements among themselves for liberalizing trade in services. Developed countries have fully incorporated services into their cooperation and integration agreements. The free movement of services, along with that of persons, goods and capital, is one of the central principles of the single market of the European Community and has been included in the European Economic Area. OECD countries have also agreed on provisions for the liberalization of services and the mobility of capital and persons among member countries. In the case of countries at different levels of economic development, the North American Free Trade Agreement (NAFTA) (building upon the experience of the Canada-United States Free Trade Agreement) also covers services. Lome IV and the Third Generation Agreement of the Andean Pact also treat services as an element of international cooperation.

55. Several initiatives for liberalizing trade in services among developing countries may be found in the Latin American region. The Andean Pact has included services in integration efforts (see TD/B/CN.4/Misc.4). The Group of 3 (Mexico, Colombia and Venezuela) has been negotiating liberalization of trade in services within the context of a trade agreement; members of the Latin American Integration Association (ALADI) were at the point of considering a proposal for liberalizing trade among members. MERCOSUR member countries have introduced the issue of services in a cooperation and integration agreement. Trade in services has figured in a number of bilateral and trilateral trade agreements, e.g. between Ecuador and Bolivia with Mexico, and Chile with Bolivia.

56. In Africa alone, there are nine economic groupings in which the issue of trade in services forms an integral part of cooperation and integration agreements. A few examples are illustrative. The Treaty establishing the African Economic Community (AEC) signed in June 1991 in Abuja, Nigeria, is aimed, *inter alia*, at achieving the liberalization of services among Member States. It covers such services as transport, communications, tourism and broadcasting. The Treaty instituting the Arab Magreb Union (AMU), signed in February 1989, has

as one of its goals: "working gradually towards achieving free movement of persons and transfer of services, goods, and capital" among member States. The AMU cooperates on the joint development of services and services infrastructure in the field of transportation, telecommunications, postal services and financial services, including insurance and reinsurance. The Economic Community of West African States (ECOWAS), set up in 1975 by the Treaty of Lagos, has recently been revised. The earlier Treaty, as well as the revised Treaty (not yet signed and ratified), gives services activities comprehensive coverage. The revised Treaty will have wider coverage and provisions for specific objectives and guidelines for action.

57. Although developing countries are taking a greater interest in cooperation and integration arrangements covering services, as shown by important policy statements and the presence of clear mandates in many cooperation agreements, emphasis remains on the development and strengthening of infrastructural networks among member countries. Regional groupings may eventually define the strategic importance of various service activities from the point of view of their expected contribution to the integration and cooperation effort. For certain services, control considerations, e.g. the protection of cultural values may take priority over efficiency. A preferential service area, with a defined market and technological resource base, could facilitate the development of efficient and competitive regional services supply. Furthermore, it could help service firms from the region or sub-region to strengthen their competitive position with respect to third countries.

58. It should be noted that approaches differ with respect to cooperation on services at the regional and sub-regional levels. In some cases, services were featured in the original agreements. In others, such provisions have been added or expanded as awareness grows regarding the potential for trade in services and its importance for the development of all members of regional economic groupings.

59. Three basic approaches may be identified with regard to cooperation and integration in the field of services: (a) A horizontal approach (as followed by EC, OECD, EEA) whereby member countries commit themselves to the free movement of services, as a right under their agreement, excepting stipulated reservations. (b) A negotiated approach (for example, GATS) where, with the exception of the MFN commitment, the aim is negotiated progressive liberalization (based upon a "positive list") which will depend on the reciprocal gains that member countries anticipate as a result of an exchange of concessions. (c) A combination approach (as in NAFTA) where reservations and a "negative list" provide for both full automatic liberalization and negotiated progressive liberalization in specific sectors.

60. In view of the wide variety of initiatives being undertaken to liberalize trade in services at the international, regional, sub-regional and bilateral levels, the secretariat will prepare a document outlining the extent and manner in which services have been treated in individual agreements. To this end, the UNCTAD secretariat would welcome contributions from the secretariats (where they exist) of such agreements and from member countries identifying the instruments and mechanisms of international agreements on trade in services, the policies adopted to promote trade in services among countries adhering to these agreements, and their perception as to the impact of the agreement on the size and direction of trade flows in services.

## VIII. TECHNICAL COOPERATION

61. Trade and Development Board decision 309 (XXX) specified that the UNCTAD secretariat should assume the task of "assisting, upon request and within available resources, Member States in their analysis of the role of services in their economies". The Final Act of UNCTAD VII called upon UNCTAD to continue its programmes of technical assistance to developing countries in the field of services. UNDP was invited to consider favourably the request for the provision

of adequate financial resources for this purpose. UNCTAD VII also requested the UNCTAD secretariat to provide assistance to developing countries to enable them to participate more effectively in the Uruguay Round negotiations, which included trade in services. Through the "Cartagena Commitment", member Governments agreed that the work programme covering trade in services should focus, *inter alia*, on "Technical cooperation, at the national, regional and multilateral levels, to support and assist developing countries in identification of their weaknesses and capabilities in the services sector and to make their services sector more competitive". (TD/364 para. 185 (k)) Likewise, the work programme should be oriented towards "technical cooperation with those developing countries which lack the necessary infrastructures needed for the evolution and development of their national service sectors". (TD/364, para. 185 (l))

62. Pursuant to its mandate, UNCTAD has been rendering technical assistance for the development of the service sector to developing countries upon request. More than 40 developing countries have made such requests.[3] UNCTAD has responded positively to the extent of its means, the minimum response being that of sending a technical mission to assist in conceiving and organizing national studies through national seminars or the preparation of preliminary "profiles" of the services sector in the country concerned. An important function in this regard has been the assistance given to local experts in preparing national studies on services and analysing the issues pertaining to the relationship between services and development. This has been possible largely through UNDP support, particularly in the context of existing technical assistance projects. In certain cases, as noted below, developed country Governments and private institutions have collaborated with UNCTAD in carrying out these tasks.

63. Full-fledged, comprehensive studies have been possible when funds allocated through national UNDP IPFs have been made available. This has been the case, for example, in the Dominican Republic and Mexico. For the latter, the project was also oriented towards strengthening the country's participation in GATS and NAFTA negotiations. Similar studies have recently been initiated in developing countries in other regions.

64. Developing countries seeking technical assistance on services are guided by various concerns, which lead them to give different emphasis to such considerations as for example: (a) the identification of policy options for dynamizing the role of producer services, particularly in the attainment of increased levels of competitiveness in manufacturing, agriculture and services sectors, as an element in the adjustment process; (b) the contribution of the services sector to balance-of-payments accounts and to actual and potential foreign exchange earnings; (c) the contribution of the services sector to more, and higher-quality, employment opportunities, and in increasing the knowledge-intensity of human capital; (d) the role of an efficient services sector in attracting foreign direct investment, and (e) effective participation in multilateral, regional and bilateral negotiations on services. The interregional and the three regional projects financed by UNDP to assist developing countries to participate effectively in the Uruguay Round place high priority on services. Projects in Asia and the Pacific and in Latin America and the Caribbean have had specific components addressing services. There has also been support from donor countries and institutions. The European Community has collaborated with UNCTAD in providing experts and financing for in-depth studies on producer services in each of the member countries of the Andean Group. The Government of France provided UNCTAD with financial resources and experts from the Centre des Etudes "Economie et Humanisme" for the preparation of studies on Cape Verde, Dominican

---

[3] Andean Group (i.e. Bolivia, Colombia, Ecuador, Peru, Venezuela), Argentina, Bahrain, Cape Verde, Barbados, CARICOM group as a whole, Brazil, Chile, China, Côte d'Ivoire, Costa Rica, Cuba, Cameroon, Malta, Dominican Republic, Egypt, El Salvador, Guatemala, Honduras, India, Jamaica, Kenya, Maldives, Mauritius, Mexico, Morocco, Nicaragua, Panama, Senegal, Sri Lanka, Tanzania, Trinidad and Tobago, Tunisia, Socialist Republic of Viet Nam and Zambia.

Republic, Mexico, Sri Lanka and Tanzania. Building upon this experience, the French Government, the International Development Research Centre (Canada) and the Carnegie Foundation (United States) are funding the Coordinated African Programme of Assistance on Services (CAPAS). It is aimed at supporting the formulation of policies to strengthen the contribution of services to the economies of selected countries in Africa.

65. UNCTAD is also collaborating with specialized organizations in the preparation of joint studies and in rendering technical assistance on specific issues. For example, UNCTAD, in collaboration with the Panamerican Health Organization (PAHO), is preparing a background study to identify the possibility for selected countries in the Latin American region (Colombia, Costa Rica, Cuba, Jamaica and Mexico) to export health services. Similarly, UNCTAD is collaborating with the World Tourism Organization (WTO) in joint technical assistance activities relating to tourism, as one dimension of international trade in services. Many of the studies prepared under technical assistance programmes at the regional and national level have been published. They constitute valuable sources for the analysis of national experiences and stand as a point of reference for UNCTAD's future work.

66. UNCTAD's capacity to respond effectively to requests for technical assistance on the development of services is affected by the availability of extra-budgetary resources. Although the recently established Asia and Pacific Project on "Institutional Capacities for Multilateral Trade" and the project for Latin America and the Caribbean (LATINTRADE) have components on trade in services, UNDP resources for technical cooperation in services are unlikely to increase further, given that Programme's overall resource constraints. In view of the interest of, and demand from, developing countries in the area of services, it is necessary to explore alternative sources of funding to complement that of UNDP. The Standing Committee might wish to propose that the Board invite the international community of donors and individual countries to provide resources to assist developing countries in strengthening the competitiveness of their service sectors. Such assistance could focus on the following three main areas of technical cooperation: (a) policy options for the development of competitive services, following the lines of the work programme; (b) more sectoral or issue-specific training programmes involving seminars, workshops and in-job training addressing the needs of both public and private sectors; and (c) publication and dissemination of relevant materials presenting experiences at broad national and sectoral levels.

## IX. GROUP OF EXPERTS

67. When reviewing the provisional agenda for the second session of the Standing Committee, the Trade and Development Board decided to refer the issue of the possible convening of an expert group or groups to the Standing Committee at its present session.

68. During the discussions at the Standing Committee's first session, certain delegations had suggested that in order "to examine ways of enhancing access to and use of information networks and distribution channels" (item 3 (e) of the work programme) the Committee could benefit from the guidance of technical experts, in the form of an intergovernmental Group of Experts.

69. The inclusion of this item arises from the perception that developing countries' trade, and their service exports in particular, suffers from lack of access to information networks and distribution channels. The importance of this issue to developing countries was recognized at the Uruguay Round Montreal Ministerial Review in 1988, and it has found its way into Article IV of the draft GATS, which provides for the possibility of facilitating the increased participation of developing countries in world trade in services through negotiated specific commitments relating to the improvement of their access to distribution channels and information networks. Article XIX:2 allows developing

countries to attach such access as conditions for making market access available to foreign service suppliers. These objectives have been restated in the Cartagena Commitment.

70. Much has been written about the phenomena of "networking" and "networked economy". The *UNCTAD VIII Analytical Report by the UNCTAD secretariat to the Conference* (TD/358) described the situation:

> In recent years, the world service markets have increasingly come to be characterized by vertical integration and networking, i.e. the setting-up of systematic linkages among activities within the enterprise, between associated firms and with suppliers and customers. Through networking various service providers coordinate their activities in order to attain economies of scale and scope, to create value added, and to compete against the networks of competitors. While facilitating greater efficiency in the provision of services and often allowing small and remote providers to benefit from electronic distribution networks, networking reduces the incidence of arms-length relations and can also result in greater barriers to entry. Access to information networks involves much more than just "plugging in" but is closely linked to access to and transfer of technology. The competitive position of developing-country firms would be greatly enhanced by the development of public networks (for example public R & D networks along the lines of ESPRIT in Europe) at the world level. (para. 632)

71. Effective pursuit of the objective of enhanced access to and use of information networks and distribution channels requires a clearer understanding of the inherent problems. Some of the aspects requiring clarification include: the difference between access to information and access for information; participation in a network as opposed to mere access to it; the blurring of the distinction between information networks and distribution channels as in trade in services where the information network often becomes the distribution channel; and, the possibilities of discriminatory behaviour contrasted with the potential equalizing effects of networks.

72. Specific examples of access to networks playing a vital role in terms of participation in international trade in services include: (a) tourism, where firms with computerized information and reservation networks (e.g. hotel chains and travel agencies) may enjoy a dominant share of world tourism revenue; (b) the air transport sector, where participation in computerized reservation systems is a prerequisite to competing in international markets; (c) maritime and land transport, where participation in information networks is necessary to deliver goods competitively and safely; (d) the financial services sector, where global electronic networks execute orders in the equity and money markets that are the backbone of the financial sector; and (e) the export of a variety of labour-intensive "back-office" services (including a variety of computer-related services), where developing countries may have a comparative advantage.

73. Access to distribution networks is likewise important for trade in computer software. Information and reservation networks serve as distribution channels in that they are the instrument for delivering and receiving services. The control of distribution channels in a more traditional sense, i.e. the ownership of outlets by producers, remains crucial in many services. This is notably so for "media products", where they enable producers not only to ensure a market for their products but also to control the timing of the presentation of films, for example - a vital component of the value of the production.

74. Attempts have been made to categorize networks. For example, some studies classify networks as intracorporate, transcorporate and intercorporate. **Intracorporate networks** are in-house networks such as satellite-based networks allowing for direct integration between technical centres and production facilities and networks connecting the back offices of banks. **Transcorporate networks** link a company with its suppliers, customers and partners. They

contribute to a reduction in paper for transactions, better adaptation of products to demand fluctuations, as well as higher quality and better inventory management. The links between the automobile industry and part suppliers are a typical example. **Intercorporate networks** rest on corporate alliances of all sorts. Straightforward mergers may not be the most efficient way to establish strategic convergence in a highly volatile and risky environment. The sharing of information on cross-licensing deals, R & D consortia, cooperation towards well-defined objectives within joint ventures, and creating synergies among products within cross-distribution management fall into this category.

75. A spectrum of problems have been identified as impeding access to networks. Access can be hindered by the discriminatory or anti-competitive behaviour of a proprietary network. In the airline industry, Computerized Reservation Systems (CRSs) have come under particular scrutiny in this respect, provoking special legislation both in the European Community and in the United States, as well as an ICAO Code of Conduct. Access to distribution channels has been an issue in the Strategic Impediments Initiative negotiations between the United States and Japan. A variety of anti-competitive practices identified in the CRS context are probably present in other services, such as exclusion of foreigners or accepting their participation under discriminatory conditions, e.g. with respect to prices or setting other economic conditions. Some of the problems faced by developing countries arise from their own handicaps, such as inadequate telecommunications and informatics infrastructure or the lack of training on how to use the network more effectively to their advantage. A better understanding of these factors could assist developing countries in negotiating favourable conditions of access to and participation in information networks and distribution channels.

76. An Intergovernmental Group of Experts could be charged with the task of setting out a detailed study programme to examine ways of enhancing access to and use of information networks and distribution channels. It could thus provide guidance to the Committee in dealing with this item. In order to fulfil its function, such an Expert Group would ideally include private sector operators of such networks as well as government regulators, experts from relevant international organizations and academics.